



# Comprehensive Financial Policies

*CIP Subcommittee  
September 27, 2017*

# Financial Policies



## *Background*

- First adopted in FY 1994/95
- Promote sound financial planning and management of public funds
- Assist in making fiscal strategy and policy decisions
- Contribute to AAA bond rating

# Financial Policies



## *Categories*

- Operating Management
- Capital Management
- Debt Management
- Reserve Management
- Financial Reporting

# Financial Policies



## *Administrative Changes for FY 2018/19*

# Financial Policies



## Debt Management Policy #38:

*Debt Service Reserve will be funded with secondary property taxes, levied by City Council, and will not exceed more than 10 percent needed ~~sufficient~~ to pay the bonded indebtedness for General Obligation bond principal and interest (excluding Preserve General Obligation bonds). A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes.*

# Financial Policies



## Rationale:

Modified to ensure compliance with recent legislation (HB 2011, Chapter 212, Laws 2017). Amended to clarify levy shall be net of all cash in excess of 10 percent of the annual payments of principal and interest in the current fiscal year from the previous year remaining in the fund or funds.

# Financial Policies



## *Financial Policies of Interest*

# Financial Policies



## Operating Management Policy #17:

*Any year-end General Fund operating surpluses not needed to restore contingency reserves or cover unforeseen shortfalls in the budget, but in no case less than: 1) twenty-five percent (25%) of construction privilege tax revenues (originated 04/05, modified 11/12); 2) one hundred percent (100%) of net interest income in excess of \$1.0 million (added 15/16); and 3) one and one tenths percent (1.1%) sales tax collected on food for home consumption (phased in over three years beginning in FY 2016/17) (added 17/18) will be transferred to the General Fund Capital Improvement Program in the following fiscal year unless otherwise directed by City Council.*

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## Operating Management Policy #21A:

*One hundred percent (100%) of the transient lodging (bed) taxes received by the city shall be deposited into the Special Revenue Fund for Tourism Development. Additionally, the Special Revenue Fund for Tourism Development shall receive one hundred percent (100%) of Princess Hotel lease revenues.*

*As approved by the voters, fifty percent (50%) of the transient lodging (bed) tax revenues will be used for tourism-marketing. Use of the remaining Special Revenue Fund for Tourism Development revenues will be allocated annually as follows:*

- \$1,500,000 for the General Fund;*
- \$1,200,000 for Events and Event Development;*
- \$500,000 for tourism-related administration and research;*
- \$500,000 for one-time commitments to capital projects, events and event development, or administration and research;*

# Financial Policies



## Operating Management Policy #21A Cont.

- *The balance for tourism-related capital projects, in the form of one-time commitments or multi-year annual commitments, not to exceed \$600,000 per project.*

*At the end of each fiscal year, any unused funds in the Special Revenue Fund for Tourism Development will be available for use in following years for any of the non-marketing tourism categories (except the general fund category) and may be allocated without limitations, except that they may not be leveraged for multi-year annual commitments, such as debt service payments.*

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## Operating Management Policy #22

*Any year-end Transportation Fund operating surpluses not needed to restore contingency reserves or cover unforeseen shortfalls in the budget will be transferred to the Transportation Fund Capital Improvement Program in the following fiscal year unless otherwise directed by City Council.*

# Financial Policies



## Operating Management Policy #24

*A five-year Capital Improvement Plan will be developed and updated annually, including anticipated spending as well as funding sources. Capital improvement projects are defined typically as multi-year efforts which may include purchases or construction of infrastructure or equipment which results in a new capitalized asset costing more than \$25,000 and having a useful life of five years or more. No funding commitments will be made for any project in the CIP unless the project has sufficient budget authority in the current budget year to meet the entire amount of the commitment. For each year of the CIP, total anticipated expenditures and commitments will not exceed projected starting fund balance plus total anticipated revenues for that year.*